FINANCIAL.

No. Fl. 4932-81—*G. F.* 163-13-1, *dated 22nd April* 1914.

The following rules explaining the concessions that will be given to promoters of Light Railways in the State are published for general information.

By Order,
J. S. CHAKRAVARTI,
Financial Secretary to Government.

Terms on which the Government of His Highness the Maharaja of Mysore are prepared to consider offers for the construction of branch lines of Railway within the State.

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1. The concessions to be given to promoters of Light Railways in the State will be decided in each case by Government and embodied in detail in separate agreements. Such concessions will be generally on the lines adopted in British India (*vide* the latest rules published in the *Gazette of India*, Part I, dated 29th November 1913, pages 1304 to 1311) with the modification that the rate guaranteed in the Mysore State will be 4 per cent instead of 3½ per cent and with some minor changes indicated by the rules below or other special orders of Government. Extracts from the Government of India Rules adapted to local conditions are appended hereto (Annexure A). The present rules relate only to arrangements for financing local railway projects.

2. Whenever a District Board, a private company or any other body offers to raise capital for constructing a feeder railway, the Government may, after such enquiry as they may deem fit, guarantee the payment of interest on such capital at 4 per cent per annum for a period not exceeding 30 years.

3. In the matter of affording guarantee and granting other concessions, Government will give preference to lines according to their importance and also according to the proportion of capital raised locally by the financing body. Government reserve to themselves the power of rejecting applications without assigning any reason.

4. If any line guaranteed under Rule 2 works at a loss, that is, pays less than 4 per cent per annum on the paid up capital, an amount sufficient to raise the return to 4 per cent on the whole capital will be paid from State Funds.

5. If the line works at a profit of over 4 per cent, half the profits in excess of 4 per cent will go to the State.

6. As an alternative arrangement to that contained in paragraph 4, the amounts drawn from the State Funds during a period of loss may be treated as an advance to the particular railway to be repaid with interest at 4 per cent. In that case in modification of the arrangement in Rule 5, the whole of the profits during a period of profit will be available to the owner or owners of the railway, no part of the profits going to the State Funds.

7. Whenever a railway is constructed in a district which has an accumulated fund of railway cess imposed under clause 1 (*a*) of Section 20 of the Local Boards Regulation, all payments required to be made under Rule 4, will be made out of such railway cess fund as far as available and the balance from State Funds. In such a case, any profits derived under Rule 5 will be divided between the District Fund and the State Funds in proportion to the contribution made by each.

8. The foregoing rules will apply *mutatis mutandis* to cases where capital is furnished by more than one financing body.

ANNEXURE A.

EXTRACTS REFERRED TO IN RULE 1.

(i) The propectus for the purpose of inviting subscriptions for providing capital for the line must be submitted to, and approved by, the Government before issue.

(ii) The railway shall be built according to plans and estimates approved by Government, and must conform to the fixed and moving dimensions for the time being prescribed. The gauge of the lines, the route followed, the situation of stations, and details of a similar character shall be subject to the approval of the Government.

(iii) All land which is, in the opinion of Government, required for the construction of the line, will be provided free of charge, including land permanently, or temporarily required for quarrying ballast, for brickfields, and similar purposes.

(iv) The results of existing surveys will be made available to persons applying for concessions under these rules. In cases in which this is considered advisable by Government, fresh surveys will be made at the request of promoters inquiring into the probable prospects of any projected line, on the understanding that no preferential claim to a concession for the construction of the line is thereby established. If permission be eventually given for the construction of any line, the cost of all surveys, whether special surveys or surveys previously made at the cost of or with the approval of Government, shall, at the discretion of Government, be included in the capital cost of the railways. The Government expressly disclaim all responsibility for the accuracy of any survey, plan, estimate or other information supplied by them.

(v) Arrangements will be made with the Government of India for the supply of electric telegraphs and telegraphic appliances and for their maintenance by them at the charges and on the conditions in force for the time being for similar services on State Railways in British India.

(vi) The Government will grant assistance to financing bodies in the shape of a guarantee of interest (4 per cent in Mysore).

(vii) All agreements for lines constructed under these terms shall include a special purchase clause permitting Government to purchase the lines at any time, after giving one year's notice, in the following cases :—

(1) When the Government consider it desirable that the gauge of the branch line should be altered.

(2) When it is desired to convert the branch line into a line of through communication.

(3) When the Government desire to extend the branch line (without altering the gauge or making the line part of a thorough route), and the branch line company is unable or unwilling to supply the necessary capital for such extension.

In the event of a line being purchased under this clause the price payable shall be 25 times the average net earnings (excluding payments on account of guarantee) during the three years preceding the purchase, or 115 per cent of the capital expenditure on the line, whichever may be the greater.

(viii) The agreements shall also include an ordinary purchase clause permitting the Government to purchase the lines at the expiry of 30 years. The price payable on purchase under this clause shall be 25 times the average net annual earnings (excluding payments on account of guarantee) during the three years preceding the purchase, subject to a maximum of 120 per cent and a minimum of 100 per cent of the capital expenditure on the line at the time of purchase.